

Message Text

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PAGE 01 STATE 029994

21

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FM SECSTATE WASHDC
TO AMEMBASSY LONDON
INFO AMEMBASSY CAIRO

C O N F I D E N T I A L STATE 029994

FOR FINANCIAL ATTACHE'S OFFICE

E.O. 11652: GDS

TAGS: EFIN

SUBJECT: EGYPT'S SHORT TERM BANKING FACILITIES

1. DEPARTMENT IS INTERESTED IN EGYPT'S ECONOMIC DIFFICULTIES AND EGYPT'S ABILITY TO OVERCOME SOME OF ITS SHORT RUN PROBLEMS. ONE OF EGYPT'S MAJOR PROBLEMS IS ITS ABILITY TO MANAGE ITS EXTERNAL DEBT AND FOR IMPROVING THE TIME PROFILE OF DEBT REPAYMENT. AT PRESENT, THE STRUCTURE OF EGYPT'S EXTERNAL DEBT CONTAINS A LARGE ELEMENT OF SHORT TERM MATURITIES (AS SHORT AS 180 DAYS), CHIEFLY BANK CREDIT FACILITIES. THE PREVALENCE OF THIS FORM OF LIABILITY GREATLY REDUCES EGYPT'S SCOPE FOR MANEUVER IN ITS FOREIGN EXCHANGE BUDGET BY INCREASING THE LIQUIDITY REQUIREMENTS OF THE ECONOMY.

2. DEPARTMENT WOULD APPRECIATE ANY INFORMATION FINANCIAL ATTACHE OFFICE CAN INFORMALLY OBTAIN IN LONDON BANKING

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PAGE 02 STATE 029994

CIRCLES ABOUT EGYPT'S OUTSTANDING SHORT TERM BANKING

FACILITIES. WE BELIEVE MOST OF THE TRANSACTIONS ARE
BEING HANDLED IN LONDON. AT THE END OF 1975, WE BELIEVE
THESE SHORT TERM FACILITIES AMOUNTED TO DOLS 1.8 BILLION.
WE WOULD BE INTERESTED IN THE COMPOSITION BY COUNTRY,
TERMS, AND INTEREST RATES AS WELL AS CURRENT EGYPTIAN
CREDIT RATING. DEPARTMENT REALIZES DIFFICULTY IN OBTAINING

THIS INFORMATION FROM BRITISH BANKING CIRCLES, BUT ANY
INFORMATION ON SUBJECT WILL BE WELCOME.

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